



Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Required Report - public distribution

Date:03/17/2000

GAIN Report #TW0011

Taiwan

Promotion Opportunities Report

March 2000

Approved by:
Stan Cohen, Office Director
ATO Taipei

Drafted by:
Amy Hsueh, Marketing Specialist

Market Information:

Includes PSD changes:No No
Includes Trade Matrix:No No
ATO Taipei

Executive Summary**PROMOTION OPPORTUNITIES REPORT - TAIWAN****I. Upcoming Promotional Activities/Events**

The promotional activities listed below are provided for informational purposes only. No endorsement is implied unless specifically stated. Terms and conditions of participation are the responsibility of the activity organizer. Please contact the organizer directly for further information.

A. Trade Shows

Event: 2000 Taipei International Food Show
Date: June 15-18, 2000
Venue: Taipei World Trade Center Exhibition Hall
Contact: Agricultural Trade Office
American Institute in Taiwan
54 Nan Hai Road, Taipei, Taiwan
Tel: (886-2) 2305-4883; Fax: (886-2) 2305-7073
E-Mail: ato@mail.ait.org.tw
<http://ait.org.tw/ait/AGRI/ato.htm>

The Taipei International Food Show is the largest and most popular trade and consumer (open to consumers for only one day) food show in Taiwan, providing excellent access to local food importers, wholesalers, distributors, and retailers. The 1999 event had a total of 510 participants from 30 countries and attracted more than 45,000 visitors. The organizer of the 2000 show is, as in previous years, CETRA Taipei. ATO Taipei will organize the American Pavilion at the 2000 Show. Pre-show activities planned by the ATO/Taipei include a media briefing, exhibitor breakfast seminar, and reception aimed at promoting the American Pavilion, as well as providing U.S. exhibitors with additional opportunities to learn about the market and gain access to potential local business partners.

B. Retail In-Store Promotions

Event: American Product Festival
Date: June 24 - July 23, 2000
Venue: TaiMall Nankang Family Entertainment Shopping Center
Contact: Richard Hu, Marketing Specialist (event coordinator)
TaiMall Nankang Family Entertainment Shopping Center
112 Nankang Road, Section 1, Lu-Chu Hsiang
Taoyuan, Taiwan
Tel: (886-3) 311-1234 x 6302

Fax: (886-3) 352-3877

The TaiMall Nankang Family Entertainment Shopping Center, Taiwan's first shopping mall, opened on July 4th, 1999 in Taoyuan, 40 kilometers south of Taipei. The mall has a total retail space of 95,000 square meters and parking for 3,100 cars and 1,500 motorcycles. In addition to the Dutch/Taiwan joint venture hypermarket "Makro," other key food and beverage tenants include Dave and Buster's, Kentucky Fried Chicken, Starbucks Coffee, Dave's Deli, IS Coffee, Fountain Coffee, and Java Coast Coffee. The Makro Hypermarket opened its eighth and largest store inside the shopping mall. U.S. companies interested in expanding their business with the TaiMall are encouraged to contact them directly.

Event: Let's Taste the Sunshine of California in-store promotion

Date: June 15-18, 2000

Venue: Sinon Supermarkets/Hypermarkets

Contact: Mr. Yang Chung-hsing
General Manager
Sinon Supermarket/Hypermarket
35 Chung Shan Road, Da-du Hsiang
Taichung, Taiwan
Tel: (886-4) 693-6000
Fax: (886-4) 693-3636

Irene Tsai, Deputy Director
State of California Taipei Office
7C-04, 5 Hsin-yi Road, Section 5
Taipei, Taiwan
Tel: (886-2) 2758-6223
Fax: (886-2) 272309973

Sinon Supermarket/Hypermarket is the largest retail chain in central Taiwan with outlets.

C. HRI Promotions

The Chinese New Year, usually in February, is the most important lunar calendar festival in Taiwan. Traditionally, Taiwanese people celebrate Chinese New Year's Eve with a family get-together dinner at home. However, the current trend is to eat out at a restaurant or order take-out Chinese New Year dishes from these restaurants. To conform to modern trends, Taiwan's hotel restaurants now include special menu promotions for the lunar New Year celebrations. They also offer take-away dishes for Lunar New Year. These hotel restaurants feature not only traditional Taiwanese cuisine but also Western food for this special occasion.

II. Key Market Information

General Economy in Brief

– Taiwan's foreign exchange reserves rose to a record US\$113.6 billion in February, a 3.3 percent increase compared with the previous month. Taiwan's foreign exchange reserves are the world's fourth -largest, exceeded only by the EU, Japan, and China. The growth has been fueled by the island's merchandise trade surplus and inflows of foreign capital into the island's stock exchange.

– According to Taiwan's Ministry of Interior, the average life span of a citizen of Taiwan stood at 74.83 at the end of 1998. It indicated that the island's elderly population is growing quickly. At present, the number of Taiwanese citizens aged 65 or older stands at over 1.86 million, making up 8.44 percent of the total population of the country.

– Taiwan's biotech industry is estimated to reach an annual production value of US\$2.9 billion in the year 2005, with an average annual growth of 25 percent for the next five years, according to Ministry of Economic Affairs (MOEA). The biotech will be ranked together with internet business, and software design as the three fastest-growing industries within next few years. The MOEA defines biotech industry as including certain sectors of agricultural, food, and pharmaceutical industries. It also comprises technologies for the protection of the environment. Under the five-year investment project, the government will invest a total of approximately US\$4.8 billion in the biotech industry within next five years.

Food Market In Brief

Beer

According to local *Jorker Magazine*, Taiwan's total consumption of beer was 490,839,894 liters in 1999, a 12.23% decline from the previous year. The domestic produced beer accounted for 81.4% of the beer market, while imported beer had 18.59% market share. The main reasons of the decline were bad weather, the September 1999 earthquake, as well as stricter punishment measures for driving after drinking alcoholic beverages. In 1999, Taiwan imported 91,242,645 liters of beer, of which 29,408,184 liters were imported from the United States, accounting for 32.23% of imported beer market. The United States was the largest supplier to Taiwan, followed by Japan (31%), and the Netherlands (20.29). Currently, popular imported brands include Budweiser, Miller, Carlsberg's and other Japanese brands, Kirin, Asahi, and Sapporo, for instance.

Snack foods

A recent market research by local *Distribution News* indicated that potato chips ranked first in snack food sales in Taiwan's supermarkets, hypermarkets and convenience stores. It is followed by corn chips, rice crackers, wheat chips, and natural chips (e.g. baked peas and beans). The peak season for these snack foods is during Chinese New Year (usually in February), Mid-Autumn Festival (usually in September) and Ghost Festival (usually in August). Of purchasing executives of 13 major chain supermarkets, hypermarkets, and convenience stores, 62% stated that snack food market grew in 1999. However, 38% of them expressed that the snack food market was down in 1999, mainly due to overall economic slowdown in 1999. 75% of these purchasing executives estimated that the market will continue to grow in 2000, 17% estimated the market will drop, and 8% indicated it will remain unchanged. The future trends of snack foods include: spicy, small packaging, dedicated, medium-priced. They also indicated that the packaging should match with popular cartoon characters. Majority of these executives said that Taiwan's accession to WTO will definitely impact the snack food market. They feel, more items, lower prices, more imported items, more competitive. The selling prices will be lowered as soon as Taiwan joins WTO.

The *Distribution News* defines snack food into five categories, including potato chips, corn chips, rice crackers, wheat chips, and other natural chips. The major supermarkets/convenience stores

Convenience Stores

Taiwan's convenience store industry is expected to grow by over 1,000 new stores in 2000. Major Taiwan's convenience store chains, including 7-Eleven, Family Mart, Hi-Life, and Circle K, have all set a target of high growth for 2000. 7-Eleven, Taiwan's largest convenience stores with currently 2304 outlets (as of January 2000) in Taiwan, indicated that it will grow by 15%-20% with a total sales value of approximately US\$1.9 billion and total outlets of 2,500 in 2000. Family Mart, the second largest convenience store chain, is expected to open its 1,005 stores by end of 2000. Currently, there are approximately 5,500 convenience stores in Taiwan.

Hypermarkets

Competition among Taiwan's hypermarket is fierce. To reduce their operating costs, these retail chains tend to expand and promote their private label items, both imported and domestic products. Recently, the percentage of private label products on the shelves of hypermarkets is increasing sharply. The French/Taiwan joint venture Carrefour hypermarket recently offers over 200 types of private label products, with prices 40% cheaper than average prices in the market. The Carrefour hypermarket indicated that the exploration and promotion of private label products is a road must go. In addition to Carrefour, Makro (Aro), RT Mart (Energy), and Costco (Kirkland). The Carrefour will expand its items reaching 12% by end of this year.

III. Newly Released Reports

The following updated market briefs are currently available from the ATO/Taipei (<http://ait.org.tw/ait/AGRI/ato.htm>) or from the FAS homepage (<http://www.fas.usda.gov>):

– Taiwan Export Guide

Market overview, exporter business tips, market sector structure and trends, best high value product prospects, key contacts and further information

– Broccoli and Cauliflower Market Brief

Executive summary, market access, trends in consumption, trade and competition, distribution channels, tips for exporters, list of key importers.

– Potato Product Market Brief

Executive summary, market access, trends in consumption, trade and competition, distribution channels, tips for exporters, list of key importers.

– Tomato Product Market Brief

Executive summary, market access, trends in consumption, trade and competition, distribution channels, tips for exporters, list of key importers.

– Lettuce Product Brief

Executive summary, market access, trends in consumption, trade and competition, distribution channels, tips for exporters, list of key importers.

– Ice Cream and Frozen Desserts Market Report

Executive summary, market access, trends in consumption, trade and competition, distribution channels, retail sales, and tips for exporters.

-- Stone Fruits

Summary, market access, trends in consumption, trade and competition, and distribution channels.

-- Candy

Executive summary, market access, trends in consumption, trade and competition, distribution channels, and Taiwan importers.

-- Food Processing/Food Ingredients

Food industry overview, trends, market structure, best prospects, competition, selling to Taiwan food processing companies, import policies/requirements, list of importers/food processors/industry associations

-- Frozen Vegetables/Potatoes

Executive summary, market barriers, market share/competition, frozen corn, frozen potatoes, distribution, labeling, market access/tariffs, list of importers.

-- Indirect Imports Into Taiwan

Direct imports of PRC products are currently banned for political reasons. Indirect imports from the PRC via third territories are mainly raw materials and semi-finished products, such as some vegetable seeds and potato starch.

-- Taiwan Food Service

Executive summary, food service structure, consumer information, how to develop products suited to the market, market segmentation, use of imported food products in the food service industry, opportunities for U.S. exporters, trends, competition amongst fast food chains, other considerations.

-- Taiwan Food Retail

Demographics, distribution channels, factors influencing buying decisions, pricing, what retailers look for judging new products, competition, trends, opportunities for U.S. exporters, best market prospects.

-- Organic Food

General market overview, imported organic foods, organic farming in Taiwan, certification, marketing channels, consumers' perspective of organic foods, and import policy.

-- Seafood

General market overview, U.S. market position, trade restrictions, sanitary/phytosanitary measures, consumer preferences and consumption trends, third-country competition, domestic competition, distribution system, and market promotion.

-- Wine

Market overview, U.S. market position, competition, trade restrictions, distribution, pricing, consumer preference and consumption trends, market promotion activities.

-- Pure juice/juice drinks

General market overview, U.S. market position and competition, pricing, trade restrictions, distribution, consumer preference and consumption trends, market promotion activities, and concentrated juice.

-- Fresh Fruits and Vegetables

General market overview, U.S. market position and competition, pricing, trade restrictions, distribution, consumer preference and consumption trends, market promotion activities, and market promotion activities.

-- Food and Agricultural Import Regulations and Standards (FAIRS report),

Taiwan food laws, labeling requirements, food additive regulations, pesticide and other contaminants, other regulations and requirements, other specific standard,

copyright/trademark law, and import procedures.

VI. Other Information

2000 Best Prospects for Consumer Ready Foods

- Organic/natural foods
- Frozen/micro-waveable foods/other convenience foods
- Chilled products
- Fresh fruits and vegetables
- Baked products
- Health-oriented (low-fat, high-fiber, and low-cholesterol) snack foods
- Beverages

End Report

The ATO Taipei is currently planning a variety of upcoming promotional events in both the retail and HRI sectors. U.S. companies interested in participating in ATO Taipei promotional activities, should contact the ATO/Taipei directly at:

Agricultural Trade Office
54 Nanhai Road
Taipei, Taiwan
Tel: (886-2) 2305-4883 ext. 286
Fax: (886-2) 2305-7073
E-Mail: ato@mail.ait.org.tw
<http://ait.org.tw/ait/AGRI/ATO.htm>